

Service Date May 2, 1975

DEPARTMENT OF PUBLIC SERVICE REGULATION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

In the Matter of the Application)	
of PACIFIC POWER & LIGHT COMPANY)	DOCKET NO. 6296
for an order authorizing it to)	
issue \$60,000,000 in principal)	SUPPLEMENTAL ORDER NO. 4187a
amount of First Mortgage Bonds.)	

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Pacific Power & Light Company was conditionally authorized by the Commission's Order No. 4187, entered April 16, 1975, to issue and sell \$60,000,000 in principal amount of First Mortgage Bonds, 10-3/4% Series due 1990, by means of a negotiated public offering to a group of underwriters including and represented by Salomon Brothers; Blyth Eastman Dillon & Co. Incorporated; The First Boston Corporation, and Kidder, Peabody & Co. Incorporated. Order No. 4187 provided that the authorization granted therein shall not be exercised until an appropriate supplemental application, showing the price to the public, the amount to be received by Applicant, the related underwriting commission, the fixed interest rate, the effective interest cost, the general redemption prices, and the other terms and conditions of sale, has been filed with and approved by the Commission.

Applicant has now concluded negotiations with the underwriters for the sale of the First Mortgage Bonds and on April 30, 1975, filed its supplemental application which contains the necessary information for the Commission to enter a supplemental order.

As set forth in the supplemental application, the price of the First Mortgage Bonds to the public, the underwriting commission and the proceeds to Applicant are summarized as follows:

The price the underwriters have agreed to pay for the bonds (exclusive of accrued interest) will be \$98.575 (per \$100 of face value); the annual fixed interest rate will be 10.75% per annum; the annual effective interest cost will be 10.9456% per annum; and the initial public offering price will be \$99.70 (per \$100 of face value).

The New Bonds will mature on May 1, 1990, or at the election of the holder thereof, on May 1, 1985. Pursuant to the proposed Twenty-eighth Supplemental Indenture (a copy of which is attached as Exhibit E hereto), if the holder desires that all, or any portion, of the New Bonds registered in his name mature on May 1, 1985, he must deliver to Morgan Guaranty Trust Company of New York, Corporate Trustee under the Mortgage Indenture, a written notice of election no earlier than November 1, 1984 and no later than December 31, 1984 that such New Bonds specified in the election mature on May 1, 1985.

The general and special redemption prices are expressed in percentages of the principal amount of the Bonds to be redeemed, as specified in the supplemental application and the Twenty-eighth Supplemental Indenture. It is provided, however, that no bonds shall be redeemable prior to May 1, 1980, if such redemption is for the purpose of, or in anticipation of, refunding such bonds by application, directly or indirectly, of funds borrowed by Applicant, at an effective interest cost of less than 10.9456% per annum.

Based upon securities' market information and other data available to the Commission, the terms of sale of the First Mortgage Bonds are fair and reasonable.

The funds to be obtained from the sale of the First Mortgage Bonds are reasonably required for the purposes set forth in Order No. 4187, and such purposes are compatible with the public interest, necessary for the proper performance by Applicant of its service as a public utility, and will not impair its ability to perform such service. The proceeds of \$59,145,000 will be used for the purposes previously set forth and said proceeds are not reasonably chargeable, in whole or in part, to operating expenses or to income.

From the foregoing, it is concluded that the supplemental application should be approved.

It is therefore

ORDERED that

1. the supplemental application of Pacific Power & Light Company, filed with the Commission on April 30, 1975, for authority to issue and sell \$60,000,000 in principal amount of First Mortgage Bonds at the issuance price, interest rate, and underwriting commission specified therein is hereby granted; and
2. except as specifically supplemented by this order, the terms and conditions of Order No. 4187 shall remain operative.

DONE IN OPEN SESSION at Helena, Montana, this 30th day of April, 1975.

JAMES R. SHEA, Commissioner

GEORGE TURMAN, Commissioner

THOMAS G. MONAHAN, Commissioner

ATTEST:

GAIL E. BEHAN
(Secretary)

(SEAL)